

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Compatibility Between Cable Systems  
And Consumer Electronics Equipment

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PP Docket No. 00-67/

To: The Commission

REPLY COMMENTS  
OF THE  
NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE

Steven T. Berman, Senior Vice President  
Business Affairs and General Counsel  
NATIONAL RURAL  
TELECOMMUNICATIONS  
COOPERATIVE  
2121 Cooperative Way  
Herndon, Virginia 20171

By: Jack Richards  
Peter Saari  
KELLER AND HECKMAN LLP  
1001 G Street, N.W., Suite 500 West  
Washington, D.C. 20001  
(202) 434-4210

Dated: June 8, 2000

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## **REPLY COMMENTS**

Pursuant to Sections 1.415 and 1.419 of the Rules and Regulations of the Federal Communications Commission (“FCC” or “Commission”), 47 C.F.R. §§ 1.415, 1.419, the National Rural Telecommunications Cooperative (“NRTC”), by its attorneys, hereby submits these reply comments in the above-captioned proceeding. Although this proceeding concerns compatibility between cable and consumer electronics equipment, NRTC urges the Commission to consider the impact of its decision on the Direct Broadcast Satellite (“DBS”) and C-band industries.

### **I. BACKGROUND**

NRTC is a non-profit cooperative association comprised of 550 rural electric cooperatives, 279 rural telephone systems and several affiliate organizations located throughout 48 states. NRTC's mission is to assist its members and affiliates in meeting the advanced telecommunications needs of American consumers living in rural areas. Through the use of satellite distribution technology, NRTC is committed to extending the benefits of information, education and entertainment programming to rural America, on an affordable basis and in an easy and convenient manner, just as those services are available over cable in more populated areas of the country. In short, NRTC seeks to ensure that rural Americans receive the same benefits of the modern information age as their urban counterparts.

In 1992, NRTC entered into an agreement with Hughes Communications Galaxy, Inc., the predecessor in interest to DIRECTV, Inc. (“DIRECTV”), to launch the first high-powered DBS service offered in the United States. NRTC members and affiliates invested more than \$100 million in the project, and in return received distribution rights for DIRECTV programming (“DIRECTV®”) in specific regions of the country. NRTC, its members and affiliated companies currently market and distribute network signals and other programming to more than 1.5 million households through DBS technology. NRTC also distributes C-Band programming to approximately 40,000 homes. NRTC’s ability to continue providing these services is crucial to maintaining information access and a quality of life for rural America.

The Commission initiated this proceeding to resolve remaining issues concerning the compatibility of cable television systems, digital television receivers, set-top boxes and other equipment used by consumers to access digital cable programming.<sup>1</sup> The Commission sought comment on two unresolved compatibility issues between the cable and consumer electronics industries: (1) whether digital television (“DTV”) receivers should must include an IEEE 1394 connector to be labeled “cable-compatible;” and (2) licensing terms for copy protection technology.<sup>2</sup> Comments were filed in this proceeding on May 24, 2000.

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<sup>1</sup> *In the Matter of Compatibility Between Cable Systems and Consumer Electronics Equipment*, Notice of Proposed Rulemaking, PP Docket No. 00-67, FCC 00-137 (rel. Apr. 14, 2000) (“NPRM”).

<sup>2</sup> NPRM, ¶ 3.

## II. REPLY COMMENTS

NRTC strongly supports comments filed by the Satellite Broadcasting and Communications Association (“SBCA”) and Echostar Communications Corporation (“Echostar”), which emphasize that “any rules promulgated by the Commission, or any industry agreement reached between the Consumer Electronics Association (“CEA”) and the National Cable Television Association (“NCTA”) resolving these or any other compatibility issues, must not prejudice the DBS industry or otherwise place satellite delivered Multichannel Video Programming Distribution (“MVPD”) services at a competitive disadvantage.”<sup>3</sup> The Commission must maintain a level playing field for **all** MVPDs and avoid taking any steps that give one MVPD an advantage over another during the transition from analog to digital broadcast and cable television.

In the era of cable deregulation, the Commission seeks to rely on market forces to keep cable rates under control. The Commission’s policy of fostering increased competition in the MVPD marketplace has begun to yield positive results. From 1998 to 1999, the market share of cable providers dropped from 85% to 82%.<sup>4</sup> As the Commission indicated, “much of the increase in growth of noncable MVPD subscribers is attributable to the growth of DBS.”<sup>5</sup> It would be a step backwards to reverse this trend of increased cable competition by adopting policies or regulation that favor cable providers over their competitors. For example, if cable providers were able to reduce the

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<sup>3</sup> Comments of Echostar at p. 2; *see also*, Comments of SBCA at p. 4.

<sup>4</sup> Sixth Annual Report, *Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming*, CS Docket No. 99-230 (rel. Jan. 14, 2000), ¶ 5.

<sup>5</sup> *Id.* at ¶ 8.

cost of settop boxes by moving functionality to the DTV receiver, while at the same time, DBS providers did not have that option, cable would gain a competitive advantage. Similarly, if a DBS provider were required to change out its settop box when the consumer switches to digital TV, cable providers will gain a competitive advantage. Therefore, it is critical that the Commission establish rules and policies that do not favor one MVPD over another, and thereby hamper competition.

In a press statement released on May 24, 2000, and in a letter filed in this proceeding by CEA and NCTA, the parties indicated they had reached agreement on the following labeling standards: “Digital TV-Cable Interactive” (indicating that the consumer equipment includes a 1394/5C connector) and “Digital TV-Cable Connect.” The agreed upon designations appear to favor cable over other MVPDs. NRTC agrees with Echostar’s suggestion that the Commission consider a neutral designation,<sup>6</sup> and suggests the terms “Digital-TV Interactive” and/or “Digital-TV Non-Interactive” to identify the functionality of new digital television receivers and other consumer equipment. This removes the unnecessary reference to “cable.”


Accordingly, NRTC urges the Commission to be particularly mindful of the nascent DBS industry as it adopts rules concerning the compatibility between cable systems and consumer electronics equipment.

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<sup>6</sup> Comments of Echostar at p. 4.

**Respectfully submitted,**

**Steven T. Berman, Senior Vice President  
Business Affairs and General Counsel  
NATIONAL RURAL  
TELECOMMUNICATIONS  
COOPERATIVE  
2121 Cooperative Way  
Herndon, Virginia 20171**

**By:**   
**Jack Richards**  
**Peter Saari**  
**KELLER AND HECKMAN LLP**  
**1001 G Street, N.W., Suite 500 West**  
**Washington, D.C. 20001**  
**(202) 434-4210**

**Dated: June 8, 2000**

## CERTIFICATE OF SERVICE

I, Cassandra L. Hall, do hereby certify that copies of the foregoing **Reply Comments of the National Rural Telecommunications Cooperative** were sent, via hand delivery, this 8th day of June, 2000, to the following:

Honorable William E. Kennard  
Chairman  
Federal Communications Commission  
445 -12th Street, S.W.  
Washington, D.C. 20554

\*Jonathan Levy  
Office of Plans and Policy  
Federal Communications Commission  
445 -12th Street, S.W., Room 7-C362  
Washington, D.C. 20554

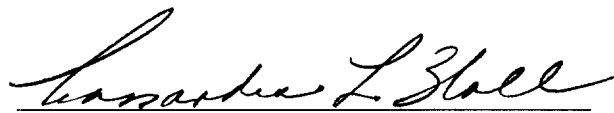
Honorable Harold Furchtgott-Roth  
Commissioner  
Federal Communications Commission  
445 -12th Street, S.W.  
Washington, D.C. 20554

\*International Transcription Service  
1231 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

Honorable Susan Ness  
Commissioner  
Federal Communications Commission  
445 -12th Street, S.W.  
Washington, D.C. 20554

Honorable Michael Powell  
Commissioner  
Federal Communications Commission  
445 -12th Street, S.W.  
Washington, D.C. 20554

Honorable Gloria Tristani  
Commissioner  
Federal Communications Commission  
445 -12th Street, S.W.  
Washington, D.C. 20554

  
Cassandra L. Hall

\* Diskette copy included